



Helping Clients with Delinquent Taxes

June 28, 2005



Overview

Today, we will discuss:

- Ways to pay taxes
- Payment alternatives
- Collection tools
- Collection tips

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Ways to Pay Taxes

- Full Payment - Cash, Check, Money Order, Cashier's Check
- Electronic Federal Tax Payment System (EFTPS)
- Credit Cards (individuals only)

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Other Ways to Resolve Tax Debt

- Liquidating savings accounts, savings bonds, stock, etc.
- Cash advances on credit cards
- Borrowing against 401(k) or life insurance
- Using equity in real estate or other assets



Installment Agreements

- Penalties and interest accrue until debt fully paid
- Taxpayers must remain current on all federal tax obligations
- Liens may be filed
- Collection Information Statement may be required
- Recommend direct debit and/or payroll deduction



Partial Pay Installment Agreement

- New payment option permitted under American Jobs Creation Act of 2004
- Taxpayers must provide complete and accurate financial information
- May be required to address equity in assets to reduce or full pay taxes
- Subject to financial review every two years

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Other Alternatives

- Temporary delay or significant hardship consideration
- Offer in Compromise

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Collection Tools

- Notice of Federal Tax Lien
- Levy
- Summons
- Seizure
- Substitute for Return/IRC 6020(b)

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Employment Taxes

- Trust Fund Recovery Penalty assessment
- IRS can require:
 - File and pay monthly rather than quarterly
 - Creation of a special bank account for withheld employment taxes

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Collection Tips

- Payment of liabilities by liquidating or borrowing costs less than an Installment Agreement
- Self-employed nonfilers will not receive Social Security, disability, or Medicare benefits
- Continued non-compliance by flagrant or repeat nonfilers could result in criminal prosecution

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Summary

- Think Compliance
- Explain consequences
- Communicate with us
- Provide complete and accurate information

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Questions?

**For more information on the
Collection process: www.irs.gov**

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